

RHL International

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MARKET EXPRESS

房地產市場快訊

Petronas Tower,
Kuala Lumpur,
Malaysia

雙子塔,
馬來西亞



HONG KONG PROPERTY

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香港物業市場透視

CHINA PROPERTY

中國物業市場透視

GROUP INTRODUCTION

RHL International is one of the pioneering professional valuation and real estate consultants in Asia. Established since 1972, our group offers high quality professional services on Corporate Valuation & Advisory and Real Estate Solution & Surveying Practice. As an active participant in exchanging ideas and experience with regulators, government institutions and corporations, our group maintains vigilant to the dynamic changes in the market. Leveraging our extensive track record, technical resources and market intelligence, we are dedicated to provide tailored services to meet with the unique needs of our clients.

PROFESSIONAL TEAM

Our team comprises of professionals who have finance and/or real estate related academic background and internationally recognized qualifications, such as CPA, FRM, registered professional surveyors, and with diverse experience and up-to-date knowledge of the current market environment. We committed to provide our clients with high standard services.

The Group is committed to provide high standard of professional services in compliance with international standard and Government Statutory requirements.

CORPORATE & VALUATION ADVISORY

Our experience in operating businesses in the mainland China and cooperating with overseas parties has become our competitive advantage in offering comprehensive client solution to overseas as well as mainland clients. We cover real estate as well as other industries such as natural resources, green energy and finance area.

- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Real Estate Solutions and Surveying Practice
- Industry Market Research & Analysis
- Project Feasibility Study and Advisory
- Financial Analysis
- Investment Advisory
- Due Diligence
- Portfolio, Asset and Facilities Management

Industry / Market Research and
Feasibility Studies

Serena Lau

serena@rhl-int.com

(852) 3408 3398

Land & Planning Matters,
Surveying Practice

Keith Siu

keith@rhl-int.com

(852) 3408 3338

Hong Kong Property Valuation

Tony Wong

tony@rhl-int.com

(852) 3408 3322

Mainland China, Macau and
Overseas Property Valuation

Jessie Chen

jessie@rhl-int.com

(852) 3408 3302

Business Valuation

Alexander Lau

alex@rhl-int.com

(852) 3408 3328

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HONG KONG PROPERTY

**Residential Property
Price: Relatively
Stable yet Downward
Trend is Clear**

HONG KONG PROPERTY -MARKET WATCH

Residential Property Price: Relatively Stable yet Downward Trend is Clear

Eventually, the government has resumed normal public services on September 15 and schools are gradually allowing students back to the classrooms. Yet, it is not because of the absence of COVID-19 cases as the Universal Community Testing Programme (UCTP), which ended on September 14, has revealed that invisible patients are still within the community. Under this backdrop, the introduction of digital health code for border travel system and “tourism bubbles” in October or within this year, which hopes to resume the exchange between Hong Kong and other places around the world, is indeed not so optimistic, as the scale and hence the support to the economy will be very limited at the start.

There are two obvious trends that are likely to confirm the continuous downward trend of the residential property price. Firstly, unemployment rate shall further deteriorate at the end of the year. The latest seasonally adjusted unemployment rate stood at 6.1% in June-August, the same as that in May–July according to the Census and Statistics Department data.

However, this result has already reflected the supporting effect of the Employment Support Scheme, which shall be ended in this coming November. Although there is high possibility of resurgence of COVID-19 cases brought by the return of large crowds and social gatherings, as well as the winter time, the government has already signaled a much smaller scale of third round of anti-epidemic fund in light of the historical high financial deficit. Job cuts and wage reduction anticipated at the end of this year in general will discourage potential buyers.

"Strategic Investment Advisory & Agency"

- *Provide Market Research and Analysis*
 - *As a Matching Platform to Source Opportunities*
- 

Secondly, developers will hold more unsold units towards the end of the year. Due to COVID-19, developers had to defer their promotion and selling activities. Cash flow pressure and anticipation of more competition in the near future may force some developers to soften their asking price level. However, lack of assurance in when to bring the vacancy tax bill back in the coming legislative session may help to release quick sale pressure of developers.

There are observations that COVID-19 indeed polarized fortunes and hit hard on middle classes and younger generation. Therefore, top luxury residential properties are still in eyes of the developers. It is recorded that the US has sold its consulate staff compound in Shouson Hill on the southern side of Hong Kong Island, which is one of the city's most exclusive neighborhoods, for HK\$2.57 billion (US\$332 million) to local developer Hang Lung Properties. While the unit rate signifies a drop of price, talk of the town now is a good bargain bought by the developer and confidence in top luxury residential market.

We do not expect further support to the economy from the coming Policy Address, which shall be released on October 14. So let's fasten the seat-belt and closely monitor the further development of the US-China frictions, migration actions of local residents and influx of mainland/ overseas hot money, which shall affect the degree of downward adjustment in the coming year.



"Strategic Investment Advisory & Agency"

- *Negotiation between Transaction Parties*
- *Provide Transaction Advisory Services*

HONG KONG SNAPSHOTS

Second-hand Property Market Activities Start to Rebound

The local second-hand property market has been more active recently while transaction prices have fallen slightly. At the Victoria Towers in Tsim Sha Tsui, a flat in low-level with a saleable area of 457 sq.ft., was sold for HK\$10 million with tenancy, at a unit rate of HK\$21,882/sq.ft.. The former owner used to ask for HK\$10.8 million and reduced the price by HK\$800,000 eventually. The transaction price was the lowest one within the development in the past 1.5 years.

In addition, there was a recent transaction at Tai Po Centre for a flat in middle-level of Block 4, with a saleable area of 299 sq.ft. and its original asking price of HK\$5.17 million. After a month, the transaction price was HK\$4.8 million with a reduction of HK\$370,000 and its saleable unit rate was HK\$16,054/sq.ft.. With this transaction price, the unit has been appreciated for 3.8 times to its purchasing price of HK\$1 million 14 years ago.



The Victoria Towers in Tsim Sha Tsui.
(Source: Online Photo)

"Professional Practice in Land and Planning Matter"

- Lease Modification / Land Exchange
- Premium Assessment
- Temporary Waiver Application

HONG KONG SNAPSHOTS

Buying at the Lowest, Time for Office

Under the global pandemic and economic downturn, industrial and office property prices have been adjusted for a moment. With the Loan-to-Value Ratio (“LTV Ratio”) of non-domestic properties relaxed to 50%, more buyers have stepped into the market to acquire properties.

The first transaction recorded was a mid-to-high floor level office at Concord Commercial Building in Fortress Hill. The whole floor with an area about 1,214 sq.ft. was sold for HK\$11 million or a unit rate of HK\$9,060/sq.ft.. The purchaser used to rent office from the same area before. Eyeing the falling market price and a higher LTV Ratio, this office user has relinquished to rent one but to buy one. The unit was owned by the last owner since 2013 when it was sold for HK\$8.36 million. It has been put into the market at a price of HK\$13.5 million last year with no market response.

Another deal was an 825 sq.ft. office unit at high level of Suen Yue Building at Bonham Strand West in Sheung Wan. A self-use buyer has acquired the property at HK\$5.6 million, about 10% lower than the requested price, with a unit rate of HK\$6,788/sq.ft..

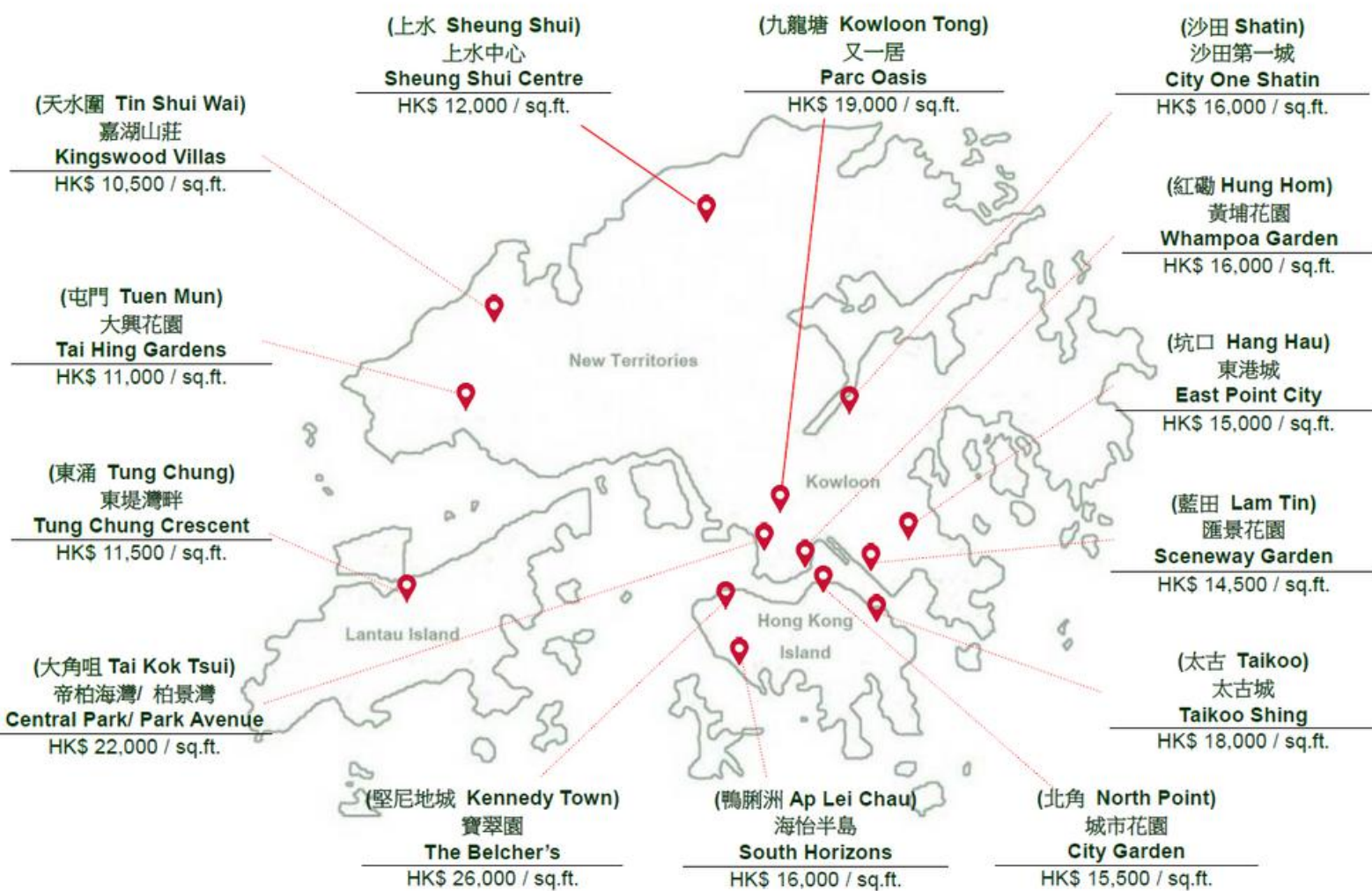
Tracing the records, no transaction has been made at the building in 2019 while there were 5 in 2018 when the lowest unit rate set at HK\$6,931/sq.ft..



➤ Concord Commercial Building in Fortress Hill.
(Source: RHL Photo base)

HONG KONG

TRANSACTIONS OVERVIEW



* Average saleable unit rate of standard units
以上為各標準單位平均實用呎價

一帶一路

BELT & ROAD



馬來西亞
Malaysia

Malaysia locates at Southeast Asia and it is one of the members for ASEAN, WTO, APEC and UN. It has close economic bonds with the areas nearby since 1950s. It is well-known for the multi-ethnic and multi-cultural environment in Asia, with over half of the population believe in Islam (as the official religion).

Official Language : Malay

Currency : Ringgit (RM)

Surface Area : 330,083 square kilometers

Population : 32,685,765 (Year 2020)

Political System : Federal



Gross Domestic Product
(World Bank Data in 2019)
364.7(USD in billion)



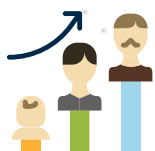
Economic Structure
(GDP Composition in 2019)
Services (**54.2%**)
Industry (**37.4%**)
Agriculture (**0.03%**)



Total Value of Transactions for Property for Malaysia in 2020 Q1:
RM 28.64 Billion (Approx.)
USD 6.94 billion)

Kuala Lumpur is Malaysia's largest city and conjoined with its surrounding areas, is known as Greater Kuala Lumpur (GKL). GKL, especially Kuala Lumpur City Centre (KLCC), is a hotspot for foreign property buyers. Other areas in GKL that have become havens for expatriate communities include Bangsar, Mont Kiara, and Damansara Heights. In Q2 of 2020, a market report stated that no new projects were launched as developers were seen adopting a wait-and-see approach on the backdrop of uncertainties.

Households in Kuala Lumpur



Population of Kuala Lumpur (2020)
7,996,830



Number of Districts
11



Major ethnic in Kuala Lumpur in 2010
Malay: 45.9%



The Use of Land

Total Area of the city
243 km²

Volume of Transactions for Residential Units (By State) for in 2019
11,100 units

(From National Property Information Centre)

Newly Launched Residential Units (By State) Sold in 2019
37.1%

(From National Property Information Centre)

Volume of Transactions (By State) for All Types in 2019
15,427 units

(From National Property Information Centre)

One of the largest industrial park in Selangor around Kuala Lumpur International Airport will be set up as Kuala Langat Industrial Hub
With 198 ha, the site is designated for electrical and electronics industry.

Malaysia Smart City Framework
Was launched in 2019 and Kuala Lumpur was included for such an initiative to improve the quality of life of people.

Special Urban Planning / Purposes in the City



CHINA PROPERTY

**300 Cities' Land
Market in August:
Overall Supply and
Demand Decreased M-
on-M; Average Price
Went Up Y-on-Y**

CHINA PROPERTY - MARKET WATCH

300 Cities' Land Market in August: Overall Supply and Demand Decreased M-on-M; Average Price Went Up Y-on-Y

Land Supply: A total of 2,459 pieces of land were launched in 300 cities, with a m-o-m (month on month) decrease of 12% and a y-o-y (year-on-year) decrease of 7%; The total land area had been launched was 101.52 million sq.m., with a m-o-m decrease of 19% and a y-o-y decrease of 3%. Among them, 780 were residential land, with a 19% m-o-m decrease and 7% y-o-y decrease. The total launched residential land area was 42.22 million sq.m. which decreased by 11% m-o-m and increased by 8% y-o-y.

Transaction Volume: A total of 1,945 land transactions were made in 300 cities, with a decrease of 30% on a m-o-m basis and a decrease of 7% on a y-o-y basis; The total transaction land area was 85.66 million sq.m., a decrease of 25% on a m-o-m basis and an increase of 5% on a y-o-y basis. Among them, 620 were residential land, with a 28% m-o-m decrease and 7% y-o-y decrease. The total transaction residential area was 34.26 million sq.m. which decreased by 23% on a m-o-m basis, and increased by 13% y-o-y.

Average Floor Price: The average transaction floor price of 300 cities was RMB2,703/sq.m., with a m-o-m increase of 0.4% and a y-o-y increase of 18%; Among them, the average transaction floor price of residential buildings was RMB4,838/sq.m., with a decrease of 2% on a m-o-m basis and an increase of 15% on a y-o-y basis.

Indicators	Land Supply Area (million sq.m.)	Transaction Area (million sq.m.)	Average Floor Price (Renminbi/sq.m.)
Value	101.52	85.66	2,703
M-o-M	-19%	-25%	0.4%
Y-o-Y	-3%	5%	18%

CHINA SNAPSHOTS

Shenzhen's New Regulations: Restrictions on Transfer of Industrial and Ancillary Properties

In 2020 Q1, Shenzhen Municipal Bureau of Planning and Natural Resources has issued several new regulations on the transfer of industrial and ancillary properties. The new regulations (the “Regulation”) has pointed out that newly transferred industrial sites shall strictly obey the Regulation – in principle, major industrial developments cannot be transferred and general industrial developments can only transferred as a whole.

The regulations has been implemented on February 1, 2020 and will be valid for 5 years.

Key contents of the relevant regulations include:

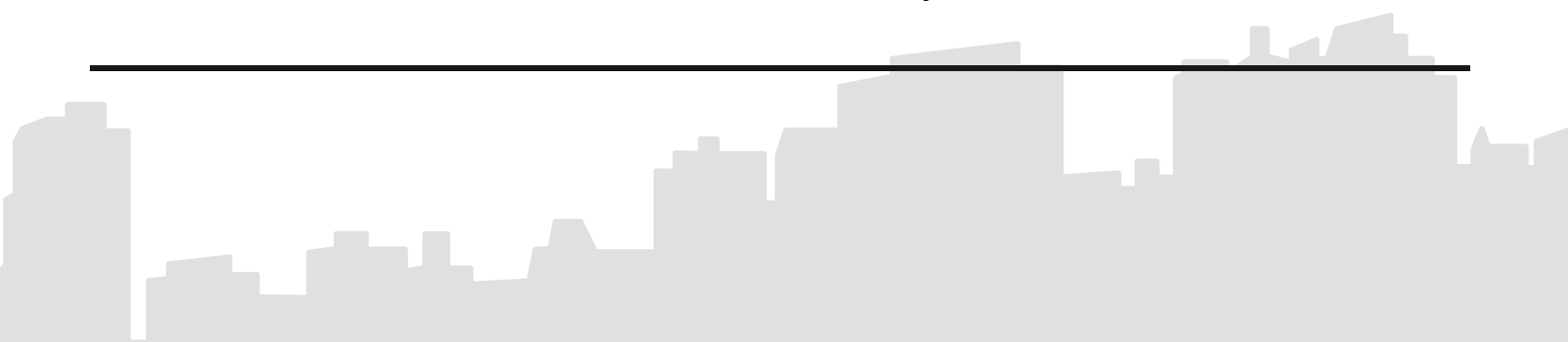
- Industrial buildings cannot be transferred within 5 years after purchase;
- The transferee must have an industrial enterprise engaged in manufacturing or R&D, or have a productive service enterprise with three-year tax record;
- When the transferee purchases a dormitory, the transferee must have building ownership of at least 1,000 sq.m. of factory buildings or 300 sq.m. of R&D land in the same administrative area;
- The supporting dormitory shall not exceed 30% of the total construction area; and
- 25-40% of the value-added income is cancelled.
- Newly supplied industrial land must strictly comply with the above regulations.

Existing industrial land shall apply with existing relevant clauses in the land use right approval documents. If the land use approval document or the land use right transfer contract stipulates that the land is non-commodity, the industrial buildings and supporting houses on the ground shall not be transferred; if it is only the commodity nature and the transfer conditions are not clearly stipulated, the agreement can only be the part of the commodity nature is the transfer of the unit as a whole.

In principle, major industrial developments cannot be transferred and general industrial developments can only transferred as a whole.



CHINA SNAPSHOTS



CONTACT

(852) 3408 3188

(852) 2730 6212

(852) 5307 9925 (Whatsapp)



EMAIL

info@rhl-int.com



WEBSITE

www.rhl-int.com



WECHAT

永利行評值



微信公众号
永利行評值



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